Danske Bank Markets in Northern Ireland

Danske Bank

Markets Update

Friday, 31 July 2026

Key news

Sterling rallied sharply against the dollar yesterday, with GBP/USD closing at 1.3464 having traded as high as 1.3476 - a gain of nearly a full cent on the session from an open of 1.3369. The move was driven by a combination of a more hawkish-than-expected Bank of England vote split and broad dollar weakness following softer U.S. Q2 GDP data (1.5% annualised) and the U.S. PCE index slowing from 4.1% to 3.7%

Bank of England held Bank Rate at 3.75% for a fifth successive meeting, but the vote split shifted to 6-3, with three MPC members - Greene, Pill and Mann - voting for a 25bp hike, up from two dissenters at the prior meeting. Markets interpreted the outcome as a hawkish hold, with Greene warning that "a proactive hike in Bank Rate may reduce the probability that second-round effects set in," and Pill calling for a "clear and unambiguous signal" on inflation. The September MPC meeting is now firmly in focus as the next live decision point.

GBP/EUR saw more modest movement, closing at 1.1673 from an open of 1.1662, within a range of 1.1639-1.1685 . With both currencies rallying against the dollar, the cross reflected the relative balance between the BoE's hawkish tilt (supporting sterling) and the euro's gains from the broader dollar sell-off. GBP/EUR is indicated this morning around 1.1677-1.1682, little changed from last night's close .

Today's Key Economic Events is the Eurozone flash CPI update for July, which is forecast to hit 2.9%, with Spain and Germany already printing above estimates ealier. Market commentators expect a firm reading could reinforce ECB tightening expectations and support the euro.

Have a great weekend!

Market Rates

CCY pair	Market rate at opening
GBP/USD	1.3450
GBP/EUR	1.1680
EUR/USD	1.1513
EUR/GBP	0.8560
GBP/AUD	1.9128
GBP/CAD	1.8851
GBP/CHF	1.0860
GBP/DKK	8.7305
GBP/HKD	10.5430
GBP/JPY	215.17
GBP/NOK	12.832
GBP/NZD	2.2895
GBP/SEK	12.8170
USD/CNY	6.7470

CONTACT INFORMATION

Contact Markets on 028 9089 1111 / 028 9089 1100

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